

Weighing the Benefits of Tapping a Health Advocacy Service

By Charlotte Huff

Proponents of health advocacy services say they can boost employee satisfaction and loyalty, while others question their necessity. A savvy human resources employee can fill that advocacy role, says one expert.

Since 2006, a California-based school insurance pool has contracted with Health Advocate Inc. to assist its employees and their families with insurance-related difficulties.

But in the last year or so, as tight budgets have stripped back human resources departments, the advocacy service has become even more vital, says Ellen Alcalá, business development manager for the Southern California Schools Employee Benefits Association. The nonprofit insurance pool provides medical coverage for 29 school districts totaling about 26,000 enrollees, including dependents.

Alcalá hasn't yet conducted a return-on-investment analysis. "But I can say that administratively, it saves a lot of money," she says. Plus, there's the employee satisfaction payoff, she adds. "The whole benefit of having the advocacy program is, it's a nonbiased third party that intervenes on your behalf."

Where employees are concerned, time is money—and that includes wrangling with health insurance companies, according to

enthusiasts of health advocacy services. They cite the increasing complexity of health insurance, including the newest entrant: high-deductible health plans and their linked accounts.

Outsourcing such headaches, they say, can assist employees and also ease the burden on stretched-thin human resources departments. It also can shield staffers from inadvertently violating some provision of the federal privacy law HIPAA as they sort through an employee's insurance-related dispute.

One recent survey indicates an uptick in usage. In 2009, 53 percent of large employers—those with 500 or more employees—offered health advocacy as part of their benefits, compared with 47 percent in 2008, according to Mercer's annual survey of employer-sponsored health plans.

Paying twice?

Mercer is one of the newest entrants on the health advocacy block, joining other long-standing providers. Health Advocate, which began operating in 2002, now has roughly 5,400 clients nationwide, primarily employers. Hewitt Associates launched its service in 1999; it now assists more than 4.2 million employees, plus dependents.

Mercer introduced its service in fall 2009 after noticing more interest from employers who were interested in outsourcing their health and benefits administration, says Rich VanThournout, Mercer's total benefits outsourcing business leader. About 70 percent of the requests for proposals asked if Mercer provided any health advocacy component, he says.

Employers were reporting that some employees had a tough time navigating insurance issues. "And they would get frustrated," VanThournout says. "Many of these things then bubble up to our human resource counterparts."

But Helen Darling, president of the National Business Group on Health, is a bit dubious. She questions why large employers would hire a third-party service to help adjudicate claims when they're already paying administrative fees to their insurance providers to handle such scenarios.

Corporate benefits departments regularly track performance issues, such as the insurance provider's responsiveness to claims concerns, she says. If an employee has a problem, she says, "They will be all over the plan to straighten it out. You shouldn't hire somebody to fix something that the plan should already be doing for you."

Saving time

At Mercer, the advocacy service doesn't immediately get involved, VanThournout says. Instead, the employee is asked to first try to resolve the issue with the insurance provider. To date, just 2 to 2.5 percent

of employees end up tapping the help of Mercer's advocacy service, he says. Sometimes employees just prefer the reassurance of an outside set of eyes, he says. "It's really trying to educate the participant and also to make sure the process worked correctly and that the [insurance] claim was paid correctly," he says.

Sorting out claims issues can be time-consuming. According to Hewitt's data, each claim takes an average of 17 phone calls and 4.5 hours to resolve.

At Health Advocate, it's not uncommon for a complex claims dispute to consume 20-plus hours to compile and sort through the relevant information, says Marty Rosen, Health Advocate's co-founder and executive vice president. "You are wading through piles of paper," he says. "You are going back and forth. You are tracking down paper from the hospital, from the insurance company."

Typically these calls have to be made during business hours, he points out. "Would you rather have your employee spending time at the workplace dealing with these types of issues?"

Privacy and other logistics

Even if employers hire an outside service, they should carefully vet it to make sure it's complying with HIPAA, says Callan Carter, a partner and member of the employee benefits practice group at Fisher & Phillips.

Employers should ask about how the service trains its own employees on HIPAA provisions, as well as how they report the

information they collect, she says. “If there is a breach of someone’s information, it’s going to be the employer who is going to hear about it,” Carter says.

As employers monitor the effectiveness of a third-party advocacy service, they also should make sure that information is provided in summary form, to guard against violating HIPAA, which is designed to prevent any unauthorized disclosure of an individual’s health information. One approach might be to provide a summary of the types of claims pursued by category, such as nonpayment issues, so they can’t be traced to any particular employee, Carter says.

In some cases, the underlying insurance problem is not an improperly paid claim, but rather that the employee misunderstood the insurance plan’s design, Rosen says. That’s particularly true if the employer recently switched to a high-deductible plan, he says. Despite employer efforts to educate employees in advance, he says, “for some people, the world changed pretty dramatically from Friday to Monday with the effective date of the new coverage.”

Alcala of the Southern California Schools Employee Benefits Association agrees. The insurance pool will offer a high-deductible plan option for the first time this year. “As we move into more consumer-driven health plans, I see advocacy services taking on a bigger role,” she says.

Before moving forward, though, Darling advises human resources leaders to run a cost-benefit analysis of their own corporate circumstances. Hiring an outside advocacy service might sometimes make sense, such as if the benefits department has become too short-staffed, she says.

But Darling remains lukewarm. “I think frankly most people wouldn’t want to call a strange organization at all,” she says. “I think employees correctly trust their HR people.”